Opportunities for a Biofuel Trader

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Who is Murex and what do we do?

• Value added ethanol marketing
  ▪ Represent 9 plants and over 825 million gallons of annualized production
  ▪ Focus on being the highest value provider in the market

• Ethanol Export
  ▪ Approximately 25 million gallons of storage in Texas City, TX
  ▪ Between 2013-2017, Murex will have loaded over 1 billion gallons of ethanol for shipment to over 24 different countries
    - Expecting to export over 300 million gallons in 2018

• Opportunistic midstream petroleum and petroleum products
Quick US Ethanol S&D

• Ethanol Production – 16,100 million gallons in 2018
  ▪ Up ~1.7% from 2017

• US Gasoline Demand – 143,000 million gallons
  ▪ Relatively flat to 2017
  ▪ A 10% ethanol blend implies 14,300 million gallons of domestic demand

• Need 1,800 million gallons of Net Exports to balance the S&D
  ▪ Most efficient producers of grain and grain products in the world
US Ethanol Exports

**FULL YEAR EXPORT VOLUMES**


**2017 EXPORT DESTINATION VOLUMES**


Million Gallons
Natural Domestic Ethanol Trade Flows
Natural Ethanol Trade Flows
So where’s the opportunity?
Left alone, biofuel marketing moves toward equilibrium

- Similar to a damped harmonic motion graph in your plant process controls

- Physical traders make money when the process is out of control
  - The traders act as process control, each one fighting to take down an arbitrage opportunity
  - Arbitrage opportunities go away when the market becomes efficient
GHG policy adds a disruption to the market

• Product needs to move to places it logistically shouldn’t go
  ▪ The very high and very low GHG emission plants likely need to find new homes

• New sustainability policies make the market inefficient once again
  ▪ Varying policy in varying geographies further amplify the trade opportunities